

**CITY OF MONETT, MISSOURI**  
**BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2015**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Monett, Missouri, as of March 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monett, Missouri's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2015, on our consideration of the City of Monett, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monett, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 3, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2015**

The Management's Discussion and Analysis of the City of Monett, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2015. Please read it in conjunction with the City's financial statements, which begin on page 16.

***Financial Highlights***

- The net position of the City's governmental activities increased by \$1,111,432 as a result of current year activities. The net position of the City's business activities increased by \$1,247,663 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2015, by \$45.1 million (net position). Of this amount \$8.5 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City increased by \$3,504,020.
- The City's total net position increased by \$2,359,095 during the fiscal year as a result of current year activities.

***Using This Annual Report***

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2015**

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility services are provided here.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

***Notes to the Basic Financial Statements***

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2015**

*Government-Wide Financial Analysis*

**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of March 31, 2015 and 2014:

	Governmental Activities	Business-Type Activities	Total March 31, 2015	Total March 31, 2014
Current and other assets	\$ 2,445,079	\$ 12,498,408	\$ 14,943,487	\$ 17,104,326
Capital assets	24,384,112	31,845,756	56,229,868	49,979,251
TOTAL ASSETS	26,829,191	44,344,164	71,173,355	67,083,577
Other liabilities	954,827	3,226,838	4,181,665	5,955,002
Long-term liabilities	4,573,207	17,350,280	21,923,487	18,419,467
TOTAL LIABILITIES	5,528,034	20,577,118	26,105,152	24,374,469
Net position:				
Net investment in capital assets	19,625,849	13,962,828	33,588,677	30,965,069
Restricted	366,638	2,575,000	2,941,638	5,850,100
Unrestricted	1,308,670	7,229,218	8,537,888	5,893,939
TOTAL NET POSITION	\$ 21,301,157	\$ 23,767,046	\$ 45,068,203	\$ 42,709,108

Total net position of the City increased by \$2,359,095 for the year due to current year activity. Total liabilities for the City have increased by \$1,730,683. Restricted net position of the City totaled \$2.9 million as of March 31, 2015. This amount represents monies that are restricted for debt service.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF MONETT, MISSOURI  
March 31, 2015**

**CHANGES IN NET POSITION**

	Governmental Activities	Business-Type Activities	Total March 31, 2015	Total March 31, 2014
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 837,483	\$ 26,959,801	\$ 27,797,284	\$ 26,388,080
Operating grants and contributions	24,607	-	24,607	156,949
Capital grants and contributions	697,150	-	697,150	2,868,856
General Revenues and Transfers				
Sales taxes	3,501,427	-	3,501,427	4,717,800
Ad valorem taxes	128,770	-	128,770	1,837,675
Motor vehicle and gas taxes	342,072	-	342,072	326,194
Other taxes	44,134	-	44,134	41,873
Franchise taxes	414,390	-	414,390	417,543
Payment in lieu of taxes	2,662,431	(2,662,431)	-	-
Gain on sale of property and equipment	36,762	74,365	111,127	171,005
Interest	3,800	224,523	228,323	203,026
Other	37,778	-	37,778	129,177
Transfers	805,000	(805,000)	-	-
<b>TOTAL REVENUES</b>	<b>9,535,804</b>	<b>23,791,258</b>	<b>33,327,062</b>	<b>37,258,178</b>
<b>EXPENSES</b>				
Administrative	470,173	-	470,173	515,964
Public safety	3,462,861	-	3,462,861	3,531,903
Public works	2,219,443	-	2,219,443	2,537,109
Airport	507,001	-	507,001	423,788
Parks and Recreation	1,318,405	-	1,318,405	1,212,692
Debt service	446,489	-	446,489	451,029
Water	-	1,854,316	1,854,316	2,059,429
Sewer	-	2,771,694	2,771,694	2,594,844
Electric	-	17,112,416	17,112,416	17,016,835
Sanitation	-	614,706	614,706	564,358
Fiber	-	190,463	190,463	173,590
<b>TOTAL EXPENSES</b>	<b>8,424,372</b>	<b>22,543,595</b>	<b>30,967,967</b>	<b>31,081,541</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 1,111,432</b>	<b>\$ 1,247,663</b>	<b>\$ 2,359,095</b>	<b>\$ 6,176,637</b>

***Governmental Activities***

Governmental activities increased the net position of the City by \$1,111,432. Tax revenues for the City were \$4,430,793, which represents 46% of the funding of these activities. Program revenues for the functions totaled \$1,559,240 or only 16% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF MONETT, MISSOURI  
March 31, 2015**

**NET COST OF THE CITY OF MONETT, MISSOURI'S  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ 470,173	\$ 444,891
Public safety	3,462,861	2,850,998
Public works	2,219,443	2,155,507
Airport	507,001	(2,252)
Parks and Recreation	1,318,405	969,499
Debt service	446,489	446,489
	<u>\$ 8,424,372</u>	<u>\$ 6,865,132</u>

***Business-Type Activities***

Business-type activities increased the City's net position by \$1,247,663. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$2,122,372.

***Financial Analysis of the City's Funds***

The combined fund balances of the City's governmental funds as of March 31, 2015, were \$2,218,890. The General Fund increased by \$416,427. The Tax Increment Financing #1 Fund decreased \$2,235,894. The Tax Increment Financing #2 Fund decreased \$1,032,048.

The City's General Fund increased by \$416,427 from March 31, 2014, primarily due to the completion of the community center (Casino) and the Marshall Hill Safe Room in the prior year. The Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund decreased significantly from March 31, 2014, due to the retirement and refunding of bonds related to the Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund.

The City's Enterprise Funds net position increased by \$1,247,663 primarily due to increased users and rates in the Electric Fund. The Sewer and Fiber Funds net position decreased and the Water, Electric, and Sanitation Funds experienced an increase in net position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF MONETT, MISSOURI  
March 31, 2015**

***General Fund Budgetary Highlights***

Differences between the original and the final amended budget can be summarized as follows:

The City's General Fund ended FY2015 with a balance of \$1,852,252 of which \$1,104,757 was unassigned, \$605,823 was reserved for unanticipated expenses and the balance of \$141,672 was for prepaid items. The General Fund had total revenues (including transfers, lease proceeds, and payment-in-lieu-of-taxes) of \$9,215,684 and expenses of \$8,799,257 for a budget surplus of \$416,427.

The original General Fund budget projected revenues of \$5,222,015 plus transfers and payment-in-lieu-of-taxes of \$3,689,360 for a total of \$8,911,375 and expenditures of \$8,823,878. Actual revenues and transfers were 4.6% over the original budget and actual expenditures were less than a 1% variance from the original budget. The increase in General Fund revenues was due to higher than anticipated sales taxes, building permit fees, and the sale of property.

***Capital Asset and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$24.4 million (net of accumulated depreciation) as of March 31, 2015. This represents a \$207,241 decrease from the prior year. Capital assets for business-type activities were \$31.8 million as of March 31, 2015. This represents an increase of \$6,457,858 from the prior year.

During the fiscal year, the City of Monett was involved in several large capital projects that affected the financial statements. The City completed construction of the Water Treatment Plant designed to produce over 4.0 million gallons per day of potable water. This new plant cost \$11.9 million and was operational by March 31, 2015.

**Debt Administration**

Total debt of the governmental activities as of March 31, 2015, was \$5.3 million, which is down \$4,079,455 from the prior year. This is due to principal payments made in current year.

Total debt of the business-type activities as of March 31, 2015, was \$18.1 million, an increase of \$7,267,161 from the prior year. This is primarily due to the issuance of the 2013 Revenue Bonds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF MONETT, MISSOURI**  
**March 31, 2015**

*Economic Factors and Next Year's Budget*

In FY2015, the City's General Fund experienced a net increase in sales tax revenues primarily as a result of the early retirement of Tax Increment Financing debt. Due to an improved economy and the early TIF pay-off, General Fund sales tax revenue increased by 20% over the previous year. Through the first four months of FY2016, sales tax revenues are 1.5% higher than one year ago at the same time which is nearly on-target with our budget projections. The City Council recently opted-out of the Back-To-School tax holiday for the first time in 2015 which should have a positive impact on August sales tax receipts compared with one year ago. Recognition of these sales tax revenues in the General Fund that had been previously diverted for TIF projects has led to less of a reliance on utility revenues for General Fund operations. This will also have a positive impact on the City's Enterprise Funds.

The City's long-term outlook for the General Fund continues to improve with the pay-off of the TIF #1 debt, refinancing of the TIF #2 debt, and the retirement of the Series 2009 Justice Center/Equipment lease in FY2015. These retirements have freed up over \$500,000 for general operations. The scheduled retirement of the Series 2008 Justice Center/Building debt and Valley View NID debt in FY2016 will have a negligible impact on the General Fund since each had a dedicated source of revenue for debt repayment (sales tax and special assessments).

The Monett City Council and Lawrence County Commission have recently agreed to consolidate the county's E-911 functions through a contract in which Monett will provide this service to the County and the cities of Mount Vernon and Miller. This consolidation required the City to increase dispatching staff but these additional costs should be covered by contract revenue. This consolidation should lead to more efficient service delivery, improved public safety, and a stable source of income for Monett's E-911 system.

In FY2016, the City has awarded a contract for construction of a new corporate hangar at Monett Regional Airport but has postponed two other scheduled capital projects relating to City Hall office renovations and the construction of a new Animal Shelter Facility due to bids being significantly higher than budgeted. The Council recently accepted the low bid for the Wastewater Treatment Plant Improvement Project that will be funded by the issuance of revenue bonds through the State Revolving Fund. All other capital outlays in the FY2016 budget are expected to proceed as planned.

In FY2016, the City has experienced additional costs that were not anticipated during preparation of the budget. The bridge located in the northeast corner of South Park near Waldensian Road had to be closed to vehicular traffic due to structural deficiencies. Preliminary cost estimates for replacement of the bridge are approximately \$100,000. Roof repairs were necessary on Fire Station #2 with costs estimated at \$60,000 and some construction costs for the new clubhouse at Windmill Ridge Golf Course carried over into FY2016 which will impact the budget by \$60,000. The FY2016 General Fund was projected to have a surplus of \$117,525 but due to these unanticipated expenses, the General Fund may end FY2016 with a deficit of approximately \$100,000 which will reduce the carryover of General Fund reserves to FY2017.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF MONETT, MISSOURI  
March 31, 2015**

***Contacting the City's Financial Management***

For additional information or questions, please contact any of the following officers at:

City of Monett  
217 5<sup>th</sup> Street  
PO Box 110  
Monett, Missouri 65708  
(417) 235-3763

Dennis Pyle, City Administrator  
Janie Knight, City Clerk

CITY OF MONETT, MISSOURI  
STATEMENT OF NET POSITION  
March 31, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents - unrestricted	\$ 1,517,299	\$ 5,978,681	\$ 7,495,980
Investments - unrestricted	-	8,860	8,860
Taxes receivable	331,780	-	331,780
Utilities receivable	-	2,118,600	2,118,600
Other accounts receivable	87,049	-	87,049
Special assessments receivable	-	240,000	240,000
Inventory	-	961,614	961,614
Prepaid expenses	141,672	150,267	291,939
<b>Noncurrent</b>			
Restricted cash and cash equivalents	367,279	1,630,790	1,998,069
Restricted investments	-	1,409,596	1,409,596
<b>Capital Assets:</b>			
Non-depreciable	1,949,092	489,661	2,438,753
Depreciable, net	22,435,020	31,356,095	53,791,115
<b>TOTAL ASSETS</b>	<b>26,829,191</b>	<b>44,344,164</b>	<b>71,173,355</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	36,861	1,740,524	1,777,385
Accrued expenses	169,792	80,637	250,429
Accrued interest payable	24,805	147,291	172,096
Court bonds payable	12,461	-	12,461
Deposits payable	7,075	465,386	472,461
Current maturities of long-term debt	703,833	793,000	1,496,833
	954,827	3,226,838	4,181,665
<b>Noncurrent</b>			
Compensated absences payable	450,123	260,352	710,475
Net pension obligation	68,654	-	68,654
Certificates of participation	1,090,792	2,470,000	3,560,792
Tax increment allocation bonds, net	2,197,512	-	2,197,512
Developer agreement	495,246	-	495,246
Lease payable	270,880	-	270,880
Neighborhood improvement bonds	-	220,000	220,000
Revenue bonds payable	-	14,399,928	14,399,928
	4,573,207	17,350,280	21,923,487
<b>TOTAL LIABILITIES</b>	<b>5,528,034</b>	<b>20,577,118</b>	<b>26,105,152</b>
<b>NET POSITION</b>			
Net investment in capital assets	19,625,849	13,962,828	33,588,677
Restricted for debt service	366,638	2,575,000	2,941,638
Unrestricted	1,308,670	7,229,218	8,537,888
<b>TOTAL NET POSITION</b>	<b>\$ 21,301,157</b>	<b>\$ 23,767,046</b>	<b>\$ 45,068,203</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (470,173)	\$ 25,282	\$ -	\$ -	\$ (444,891)	\$ -	\$ (444,891)
Building official	(162,563)	33,971	-	-	(128,592)	-	(128,592)
Municipal court	(79,150)	-	-	-	(79,150)	-	(79,150)
Police	(1,681,177)	161,070	16,872	-	(1,503,235)	-	(1,503,235)
E911	(81,701)	42,197	-	-	(39,504)	-	(39,504)
Emergency management	(137,495)	27,044	-	364,680	254,229	-	254,229
Fire	(1,149,026)	-	-	-	(1,149,026)	-	(1,149,026)
Airport	(507,001)	176,783	-	332,470	2,252	-	2,252
Street	(1,851,463)	7,555	-	-	(1,843,908)	-	(1,843,908)
Cemetery	(175,126)	22,410	-	-	(152,716)	-	(152,716)
Communications	(334,312)	-	-	-	(334,312)	-	(334,312)
Pool	(73,049)	-	-	-	(73,049)	-	(73,049)
South park	(263,654)	-	7,735	-	(255,919)	-	(255,919)
North park	(146,125)	-	-	-	(146,125)	-	(146,125)
Golf	(687,764)	287,018	-	-	(400,746)	-	(400,746)
Casino and community building	(143,347)	51,249	-	-	(92,098)	-	(92,098)
Recreation	(4,466)	2,904	-	-	(1,562)	-	(1,562)
Public works	(30,291)	-	-	-	(30,291)	-	(30,291)
Debt service	(446,489)	-	-	-	(446,489)	-	(446,489)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>(8,424,372)</b>	<b>837,483</b>	<b>24,607</b>	<b>697,150</b>	<b>(6,865,132)</b>	<b>-</b>	<b>(6,865,132)</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF ACTIVITIES (continued)  
Year Ended March 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water	(1,854,316)	2,980,634	-	-	-	1,126,318	1,126,318
Sewer	(2,771,694)	2,605,023	-	-	-	(166,671)	(166,671)
Electric	(17,112,416)	20,503,483	-	-	-	3,391,067	3,391,067
Sanitation	(614,706)	599,993	-	-	-	(14,713)	(14,713)
Fiber	(190,463)	270,668	-	-	-	80,205	80,205
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>(22,543,595)</b>	<b>26,959,801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,416,206</b>	<b>4,416,206</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ (30,967,967)</b>	<b>\$ 27,797,284</b>	<b>\$ 24,607</b>	<b>\$ 697,150</b>	<b>(6,865,132)</b>	<b>4,416,206</b>	<b>(2,448,926)</b>
		General Revenues:					
					3,501,427	-	3,501,427
					128,770	-	128,770
					342,072	-	342,072
					44,134	-	44,134
					414,390	-	414,390
					2,662,431	(2,662,431)	-
					36,762	74,365	111,127
					3,800	224,523	228,323
					37,778	-	37,778
					805,000	(805,000)	-
					<b>7,976,564</b>	<b>(3,168,543)</b>	<b>4,808,021</b>
					<b>1,111,432</b>	<b>1,247,663</b>	<b>2,359,095</b>
					<b>20,189,725</b>	<b>22,519,383</b>	<b>42,709,108</b>
					<b>\$ 21,301,157</b>	<b>\$ 23,767,046</b>	<b>\$ 45,068,203</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2015

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,517,299	\$ -	\$ -	\$ 1,517,299
Taxes receivable	303,785	-	27,995	331,780
Other accounts receivable	87,049	-	-	87,049
Prepaid expenses	141,672	-	-	141,672
Restricted cash and cash equivalents	28,636	11,728	326,915	367,279
<b>TOTAL ASSETS</b>	<b>\$ 2,078,441</b>	<b>\$ 11,728</b>	<b>\$ 354,910</b>	<b>\$ 2,445,079</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 36,861	\$ -	\$ -	\$ 36,861
Accrued expenses	169,792	-	-	169,792
Court bonds payable	12,461	-	-	12,461
Deposits payable	7,075	-	-	7,075
<b>TOTAL LIABILITIES</b>	<b>226,189</b>	<b>-</b>	<b>-</b>	<b>226,189</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid items	141,672	-	-	141,672
<b>Restricted for:</b>				
Debt service	-	11,728	354,910	366,638
<b>Assigned for:</b>				
Reserve	605,823	-	-	605,823
Unassigned	1,104,757	-	-	1,104,757
<b>TOTAL FUND BALANCES</b>	<b>1,852,252</b>	<b>11,728</b>	<b>354,910</b>	<b>2,218,890</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,078,441</b>	<b>\$ 11,728</b>	<b>\$ 354,910</b>	<b>\$ 2,445,079</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET POSITION  
 March 31, 2015

Fund balance - total governmental funds	\$ 2,218,890
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	46,167,917
Less accumulated depreciation	<u>(21,783,805)</u>
	24,384,112
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(24,805)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(5,277,040)</u>
Net position of governmental activities	<u><u>\$ 21,301,157</u></u>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL  
FUNDS

Year Ended March 31, 2015

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 3,750,607	\$ 318,145	\$ 362,041	\$ 4,430,793
Licenses and permits	43,623	-	-	43,623
Intergovernmental revenues	714,022	-	-	714,022
Charges for services	793,859	-	-	793,859
Miscellaneous	103,482	314	1,146	104,942
<b>TOTAL REVENUES</b>	<b>5,405,593</b>	<b>318,459</b>	<b>363,187</b>	<b>6,087,239</b>
<b>EXPENDITURES</b>				
Current				
Administrative	434,631	-	-	434,631
Building official	161,542	-	-	161,542
Municipal court	78,536	-	-	78,536
Police	1,471,450	-	-	1,471,450
E911	55,852	-	-	55,852
Emergency management	125,418	-	-	125,418
Fire	1,067,906	-	-	1,067,906
Airport	312,040	-	-	312,040
Street	986,853	-	-	986,853
Cemetery	161,148	-	-	161,148
Communications	331,162	-	-	331,162
Pool	56,641	-	-	56,641
South park	238,800	-	-	238,800
North park	122,888	-	-	122,888
Golf	526,399	-	-	526,399
Casino and community building	66,876	-	-	66,876
Recreation	588	-	-	588
Public works	-	26,010	4,281	30,291
Capital outlay	1,532,801	-	-	1,532,801
Debt Service				
Principal and interest	1,067,726	2,439,683	3,820,954	7,328,363
<b>TOTAL EXPENDITURES</b>	<b>8,799,257</b>	<b>2,465,693</b>	<b>3,825,235</b>	<b>15,090,185</b>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(3,393,664)	(2,147,234)	(3,462,048)	(9,002,946)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	893,660	(88,660)	-	805,000
Lease proceeds	254,000	-	-	254,000
Bond proceeds	-	-	2,430,000	2,430,000
Payment in lieu of taxes	2,662,431	-	-	2,662,431
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,810,091</b>	<b>(88,660)</b>	<b>2,430,000</b>	<b>6,151,431</b>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	<b>416,427</b>	<b>(2,235,894)</b>	<b>(1,032,048)</b>	<b>(2,851,515)</b>
FUND BALANCE, April 1	1,435,825	2,247,622	1,386,958	5,070,405
FUND BALANCE, March 31	<u>\$ 1,852,252</u>	<u>\$ 11,728</u>	<u>\$ 354,910</u>	<u>\$ 2,218,890</u>

See accompanying notes.

CITY OF MONETT, MISSOURI  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended March 31, 2015

Net change in fund balances - total governmental funds \$ (2,851,515)

Amounts reported for governmental activities in the statement  
 of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay for the year.

Capital outlay	1,375,873
Depreciation	(1,583,114)
	<u>(207,241)</u>

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.

Lease proceeds	(254,000)
Bond proceeds	(2,430,000)
Discount on bonds	35,038
Repayment of principal on long-term debt	6,756,103
Accrued interest payable	90,733
	<u>4,197,874</u>

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred. (27,686)

Change in net position of governmental activities \$ 1,111,432

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF NET POSITION – ENTERPRISE FUNDS  
March 31, 2015

	Enterprise Funds					Total Enterprise Funds
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	\$ 2,771,325	\$ 2,677,083	\$ -	\$ 297,635	\$ 232,638	\$ 5,978,681
Investments	-	-	8,860	-	-	8,860
Utilities receivable	224,555	1,628,519	203,159	39,212	23,155	2,118,600
Special assessments receivable	-	-	240,000	-	-	240,000
Prepaid expenses	37,880	60,084	28,072	24,231	-	150,267
Inventory	246,494	670,296	3,735	-	41,089	961,614
<b>TOTAL CURRENT ASSETS</b>	<b>3,280,254</b>	<b>5,035,982</b>	<b>483,826</b>	<b>361,078</b>	<b>296,882</b>	<b>9,458,022</b>
Restricted Assets						
Cash and cash equivalents	493,792	425,943	711,055	-	-	1,630,790
Investments	-	-	1,409,596	-	-	1,409,596
<b>TOTAL RESTRICTED ASSETS</b>	<b>493,792</b>	<b>425,943</b>	<b>2,120,651</b>	<b>-</b>	<b>-</b>	<b>3,040,386</b>
Capital Assets						
Nondepreciable						
Land	56,932	58,400	178,071	12,101	-	305,504
Construction in progress	-	-	184,157	-	-	184,157
Depreciable						
Building and improvements	12,849,238	769,757	33,705	84,878	-	13,737,578
Machinery and equipment	637,623	1,158,836	852,586	1,063,357	151,522	3,863,924
Infrastructure	10,325,026	5,381,749	25,660,647	61,189	635,923	42,064,534
Less accumulated depreciation	(5,328,276)	(5,851,364)	(16,072,310)	(618,779)	(439,212)	(28,309,941)
<b>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	<b>18,540,543</b>	<b>1,517,378</b>	<b>10,836,856</b>	<b>602,746</b>	<b>348,233</b>	<b>31,845,756</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>19,034,335</b>	<b>1,943,321</b>	<b>12,957,507</b>	<b>602,746</b>	<b>348,233</b>	<b>34,886,142</b>
<b>TOTAL ASSETS</b>	<b>22,314,589</b>	<b>6,979,303</b>	<b>13,441,333</b>	<b>963,824</b>	<b>645,115</b>	<b>44,344,164</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	591,816	1,092,279	39,161	17,268	-	1,740,524
Accrued payroll and payroll taxes	25,210	32,311	16,396	6,720	-	80,637
Accrued interest payable	76,844	-	70,447	-	-	147,291
Deposits payable	39,443	425,943	-	-	-	465,386
Current maturities of long-term liabilities	313,000	-	480,000	-	-	793,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,046,313</b>	<b>1,550,533</b>	<b>606,004</b>	<b>23,988</b>	<b>-</b>	<b>3,226,838</b>
Long-Term Liabilities, less current maturities						
Accrued compensated absences	46,568	142,911	59,230	11,643	-	260,352
Certificates of participation payable	2,470,000	-	-	-	-	2,470,000
Neighborhood improvement bonds	-	-	220,000	-	-	220,000
Revenue bonds payable	9,094,928	-	5,305,000	-	-	14,399,928
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>11,611,496</b>	<b>142,911</b>	<b>5,584,230</b>	<b>11,643</b>	<b>-</b>	<b>17,350,280</b>
<b>TOTAL LIABILITIES</b>	<b>12,657,809</b>	<b>1,693,444</b>	<b>6,190,234</b>	<b>35,631</b>	<b>-</b>	<b>20,577,118</b>
<b>NET POSITION</b>						
Net investment in capital assets	6,662,615	1,517,378	4,831,856	602,746	348,233	13,962,828
Restricted for debt service	454,349	-	2,120,651	-	-	2,575,000
Unrestricted	2,539,816	3,768,481	298,592	325,447	296,882	7,229,218
<b>TOTAL NET POSITION</b>	<b>\$ 9,656,780</b>	<b>\$ 5,285,859</b>	<b>\$ 7,251,099</b>	<b>\$ 928,193</b>	<b>\$ 645,115</b>	<b>\$ 23,767,046</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUNDS  
 Year Ended March 31, 2015

	Enterprise Funds					Total Enterprise Funds
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,948,990	\$ 20,445,791	\$ 2,570,593	\$ 597,378	\$ 270,668	\$ 26,833,420
Other	31,644	57,692	34,430	2,615	-	126,381
<b>TOTAL OPERATING REVENUES</b>	<b>2,980,634</b>	<b>20,503,483</b>	<b>2,605,023</b>	<b>599,993</b>	<b>270,668</b>	<b>26,959,801</b>
<b>OPERATING EXPENSES</b>						
Wages and benefits	599,450	921,534	561,911	198,119	-	2,281,014
Professional and consulting service	45,405	36,771	161,469	3,236	91,380	338,261
Insurance	21,810	86,188	26,332	5,931	-	140,261
Repairs and maintenance	174,714	64,850	441,151	42,643	4,070	727,428
Utilities	220,947	11,387	367,255	1,015	348	600,952
Supplies	133,493	202,772	51,828	8,792	36,065	432,950
Depreciation	405,488	187,180	788,332	124,732	39,448	1,545,180
Other operating expenses	74,121	114,165	61,961	54,412	19,152	323,811
Purchase of Power	-	15,487,569	-	-	-	15,487,569
Landfill and recycling	-	-	-	175,826	-	175,826
<b>TOTAL OPERATING EXPENSES</b>	<b>1,675,428</b>	<b>17,112,416</b>	<b>2,460,239</b>	<b>614,706</b>	<b>190,463</b>	<b>22,053,252</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,305,206</b>	<b>3,391,067</b>	<b>144,784</b>	<b>(14,713)</b>	<b>80,205</b>	<b>4,906,549</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	684	826	223,013	-	-	224,523
Gain on asset disposal	4,604	6,700	6,961	56,100	-	74,365
Interest expense and fees	(178,888)	-	(311,455)	-	-	(490,343)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(173,600)</b>	<b>7,526</b>	<b>(81,481)</b>	<b>56,100</b>	<b>-</b>	<b>(191,455)</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,131,606</b>	<b>3,398,593</b>	<b>63,303</b>	<b>41,387</b>	<b>80,205</b>	<b>4,715,094</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Payments in lieu of taxes (PILOTS)	(306,067)	(2,044,079)	(285,218)	-	(27,067)	(2,662,431)
Transfers (out)	-	(730,000)	-	-	(75,000)	(805,000)
<b>TOTAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(306,067)</b>	<b>(2,774,079)</b>	<b>(285,218)</b>	<b>-</b>	<b>(102,067)</b>	<b>(3,467,431)</b>
<b>NET INCOME (LOSS)</b>	<b>825,539</b>	<b>624,514</b>	<b>(221,915)</b>	<b>41,387</b>	<b>(21,862)</b>	<b>1,247,663</b>
<b>NET POSITION, April 1</b>	<b>8,831,241</b>	<b>4,661,345</b>	<b>7,473,014</b>	<b>886,806</b>	<b>666,977</b>	<b>22,519,383</b>
<b>NET POSITION, March 31</b>	<b>\$ 9,656,780</b>	<b>\$ 5,285,859</b>	<b>\$ 7,251,099</b>	<b>\$ 928,193</b>	<b>\$ 645,115</b>	<b>\$ 23,767,046</b>

See accompanying notes.

CITY OF MONETT, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS  
Year Ended March 31, 2015

	Enterprise Funds					Total
	Waterworks Fund	Electric Fund	Sewer Fund	Sanitation Fund	Fiber Fund	Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 2,934,529	\$ 20,391,501	\$ 2,562,021	\$ 600,926	\$ 271,238	\$ 26,760,215
Cash received from other sources	31,644	57,692	34,430	2,615	-	126,381
Cash payments to suppliers	(2,331,658)	(16,036,486)	(1,005,600)	(245,066)	(135,429)	(19,754,239)
Cash payments to employees	(588,145)	(905,237)	(560,198)	(196,716)	-	(2,250,296)
Cash payments for other expenses	(74,121)	(114,165)	(61,961)	(54,412)	(19,152)	(323,811)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,751)	3,393,305	968,692	107,347	116,657	4,558,250
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers (to) other funds	-	(730,000)	-	-	(75,000)	(805,000)
Transfers - Payments in lieu of taxes (PILOTS)	(306,067)	(2,044,079)	(285,218)	-	(27,067)	(2,662,431)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(306,067)	(2,774,079)	(285,218)	-	(102,067)	(3,467,431)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Interest expense & fees	(153,725)	-	(317,163)	-	-	(470,888)
Proceeds from sale of assets	-	6,700	-	-	-	6,700
Purchase of capital assets	(6,922,560)	(4,217)	(177,196)	(243,960)	-	(7,347,933)
Principal payment on certificates of participation	(161,398)	-	-	-	-	(161,398)
Principal payment on bonds	-	-	(435,000)	-	-	(435,000)
Bond proceeds	7,870,548	-	-	-	-	7,870,548
Federal and state grants	542,620	-	-	-	-	542,620
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,175,485	2,483	(929,359)	(243,960)	-	4,649
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	684	826	223,013	-	-	224,523
Sale of investments	-	-	711,055	-	-	711,055
Proceeds from maturity of investments	8,434	-	22,872	-	-	31,306
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,118	826	956,940	-	-	966,884
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	850,785	622,535	711,055	(136,613)	14,590	2,062,352
CASH AND CASH EQUIVALENTS, Beginning of year	2,414,332	2,480,491	-	434,248	218,048	5,547,119
CASH AND CASH EQUIVALENTS, End of year	3,265,117	3,103,026	711,055	297,635	232,638	7,609,471
LESS RESTRICTED CASH AND CASH EQUIVALENTS	(493,792)	(425,943)	(711,055)	-	-	(1,630,790)
TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 2,771,325	\$ 2,677,083	\$ -	\$ 297,635	\$ 232,638	\$ 5,978,681
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 1,305,206	\$ 3,391,067	\$ 144,784	\$ (14,713)	\$ 80,205	\$ 4,906,549
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	405,488	187,180	788,332	124,732	39,448	1,545,180
(Increase) decrease in accounts receivable	(18,460)	(83,775)	(8,572)	3,548	570	(106,689)
(Increase) in prepaid expenses	(7,392)	(12,309)	(5,320)	(5,165)	-	(30,186)
Decrease in inventory	21,097	34,053	8,594	-	5,091	68,835
Increase (decrease) in accounts payable	(1,748,994)	(168,693)	39,161	(2,458)	(8,657)	(1,889,641)
Increase in accrued payroll	9,720	5,989	595	1,403	-	17,707
Increase in customer deposits	3,999	29,485	-	-	-	33,484
Increase in accrued compensated absences	1,585	10,308	1,118	-	-	13,011
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (27,751)	\$ 3,393,305	\$ 968,692	\$ 107,347	\$ 116,657	\$ 4,558,250

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Monett, Missouri, was incorporated as a town in 1888 and, as a city on March 3, 1913, under the provisions of the State of Missouri. The City operates under a Mayor-Board of Commission form of government as a Third Class City. The Mayor and the two Commissioners serve four-year terms that expire in April 2016. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, and airport operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

### Financial Reporting Entity

The City is organized under the laws of the State of Missouri and is a primary government, which is governed by a Mayor-Board of Commission. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

### Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

### *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Increment Financing #1 Fund: The Tax Increment Financing #1 Fund is used to account for resources restricted for debt service.

Tax Increment Financing #2 Fund: The Tax Increment Financing #2 Fund is used to account for resources restricted for debt service.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

Waterworks Fund: This Fund accounts for the operations, maintenance, and improvement activities of the existing water system and capital improvements pertaining to the City wells, facilities, equipment and infrastructure.

Electric Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing electric system and capital improvements pertaining to the City substations, facilities, equipment and infrastructure.

Sewer Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing sewer system and capital improvements pertaining to the treatment plant, lift stations, equipment and infrastructure.

Sanitation Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing sanitation collection system and capital improvements pertaining to the recycling center, sanitation equipment and facilities.

Fiber Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing fiber optic system and capital improvements pertaining to the equipment and infrastructure.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	5 - 40 years
Improvements	5 - 40 years
Machinery and equipment	3 - 40 years
Infrastructure	20 - 40 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Deposits and Investments

City monies are deposited in FDIC-insured banks. Deposits in excess of FDIC insurable limits are secured with collateral pledged by the banks. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, bankers acceptances, and commercial paper. The City purchases investments from SEC-registered broker-dealers and banks. Investments are carried at fair value. Investment in securities at March 31, 2015, consists mainly of certificates of deposit and obligations of government backed securities. The City classifies its investments as available-for-sale securities. Available-for-sale securities are recorded at fair value. The fair values of governmental invested mutual funds are based on quoted market prices for those or similar investments at the reporting date.

If a fixed maturity security is in an unrealized loss position and the City has the intent to sell the fixed maturity security, or it is more likely than not that the City will have to sell the fixed maturity security before recovery of its amortized cost basis, the decline in value is deemed to be other-than-temporary and is recorded as an other-than-temporary impairment loss recognized in the City's Statement of Activities. For impaired fixed maturity securities that the City does not intend to sell or it is more likely than not that such securities will not have to be sold, but the City expects not to fully recover the amortized cost basis, the credit component of the other-than-temporary impairment is recorded as an other-than-temporary impairment loss recognized in the City's Statement of Net Position and the non-credit component of the other-than-temporary impairment is reported in other comprehensive income. Unrealized losses entirely caused by non-credit related factors related to fixed maturity securities for which the City expects to fully recover the amortized cost basis are reported in accumulated other comprehensive income.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The unrealized gains or losses on the City's equity securities classified as available-for-sale are included in accumulated other comprehensive income as a separate component of surplus equity, unless the decline in value is deemed to be other-than-temporary and the City does not have the intent and ability to hold such equity securities until their full cost can be recovered, in which case such equity securities are written down to fair value and the loss is charged to other-than-temporary impairment losses recognized in earnings.

A decline in the fair value of any available-for-sale security below cost that is deemed to be other-than-temporary results in an impairment reducing the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether impairment is other-than-temporary, the City considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, market conditions, changes in value subsequent to year end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield. Dividend and interest income are recognized when earned.

Pooled Cash And Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method. Inventory usage is recognized on the consumption method.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Employees earn vacation time based on the number of year's service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Net Investment in Capital Assets* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* – This consists of net position that does not meet the definition of restricted or invested in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Interfund and Related Party Transactions

Transactions between the City’s various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government. Certain transactions between City Utilities and the City are also treated in this manner. The operations of City Utilities for the year ended March 31, 2015, reflect payments in lieu of taxes (PILOTS) to the City of \$2,662,431.

In addition, City Utilities also provides services such as energy for street lighting and other electric, water and sewer services without charge to the City.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2015, all bank balances on deposit are entirely insured or collateralized.

The City of Monett maintains a cash pool that is available for use by all government funds.

NOTE C – INVESTMENTS

Statutes authorize the City to invest in investments, which are:

- a. Obligations of the United States government, the State of Missouri, this city, or;
- b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this city, or;
- c. In revenue bonds of the City, or;
- d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are secured by one or more of the types of securities described in subparagraphs (a), (b), or (c) of this section.

The City also maintains an investment pool that is available for use by all funds and separate investments accounts which are restricted for specific purposes. At March 31, 2015, the City held the following investments:

Investment Type	Maturity	Fair Value
Certificates of Deposit	7/30/2015 - 2/17/2016	\$ 899,177
Government Agencies Pool Certificates	4/15/2024 - 6/20/2037	
GNMA II		436,153
GNMA		49,203
FNMA		33,923
		<u>\$ 1,418,456</u>

NOTE C – INVESTMENTS

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2015, all certificates of deposit are entirely insured or collateralized with securities.

The accredited cost, gross unrealized gains, gross unrealized losses, and estimated fair value of available-for-sale securities by U.S. Agency at March 31, 2015, were as follows:

	Accredited Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Agency:				
GNMA II	\$ 436,153	\$ -	\$ -	\$ 436,153
GNMA	49,203	-	-	49,203
FNMA	33,923	-	-	33,923
	<u>\$ 519,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,279</u>

The fair values of all of the available-for-sale securities as of March 31, 2015, are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs). The City regularly monitors and evaluates the difference between the cost and estimated fair value of investments. For investments with a fair value below cost, the process includes evaluating: (1) the length of time and the extent to which the estimated fair value has been less than amortized cost for fixed maturity securities, or cost for equity securities, (2) the financial condition, near-term and long-term prospects for the issuer, including relevant industry conditions and trends, and implications of rating agency actions, (3) the City's intent to sell or the likelihood of a required sale prior to recovery, (4) the recoverability of principal and interest for fixed maturity securities, or cost for equity securities, and (5) other factors, as applicable. This process is not exact and requires consideration of risks such as credit and interest rate risks. Consequently, if an investment's cost exceeds its estimated fair value solely due to changes in interest rates, other-than-temporary impairment may not be appropriate. Due to the subjective nature of the City's analysis, along with the judgment that must be applied in the analysis, it is possible that the City could reach a different conclusion whether or not to impair a security if it had access to additional information about the investee. Additionally, it is possible that the investee's ability to meet future contractual obligations may be different than determined by the City during its analysis, which may lead to a different impairment conclusion in future periods. If, after monitoring and analyzing impaired securities, the City determines that a decline in the estimated fair value of any available-for-sale security below cost is other-than-temporary, the carrying amount of the security is reduced to its fair value by the credit component of the other-than-temporary impairment. The new cost basis of an impaired security is

NOTE C – INVESTMENTS (continued)

not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. For debt securities, the discount (or reduced premium) based on the new cost basis may be accreted into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

The City continues to review the investment portfolios. Given the current market conditions and the significant judgments involved, there is a continuing risk that further declines in fair value may occur and material other-than-temporary impairments may be recorded in future periods.

*U.S. Government Debt Securities and State and Local Government Debt Securities* – Any specific unrealized loss on the City's investments in debt securities was mainly caused by fluctuations in interest rate and general market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the par value of the investment. In addition, most of these investments have investment grade ratings. These investments are not considered other-than-temporarily impaired, for the following reasons: (1) the decline in fair value is attributable to changes in interest rates and not credit quality; (2) the City does not intend to sell the investments; (3) the City does not expect to be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and (4) the City expects to collect all contractual cash flows.

*Certificates of Deposits - negotiable* – Any specific unrealized loss on the City's investments in certificates of deposits negotiable securities are mainly caused by fluctuations in interest rate and general market conditions. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the face value of the investment. These investments are not considered other-than-temporarily impaired, for the following reasons: (1) the decline in fair value is attributable to changes in interest rates and not credit quality; (2) the City does not intend to sell the investments; (3) the City does not expect to be required to sell the investments before recovery of their amortized cost basis, which may be maturity; and (4) the City expects to collect all contractual cash flows.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All fixed income securities are perfected in the name or for the account of the City.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of increase in interest rates. The City minimizes the risk that the market value of fixed income securities in the portfolio will fall due to increases in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations.

NOTE C – INVESTMENTS (continued)

**Credit Risk**

Credit risk is the risk that the City will not recover its investments due to the ability of the issuer to fulfill their obligations. The City minimizes credit risk by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. As of March 31, 2015, the City’s investments were rated by Moody’s Investment Service or Standard & Poor’s as follows:

<u>Investment Type</u>	<u>Rating</u>
U.S. Agency Securities	AAA

NOTE D – RESTRICTED ASSETS

General Fund

Restricted cash and cash equivalents in the General Fund are for court bonds and police forfeitures.

The total restricted cash and restricted net position for the General Fund are as follows:

<b>General Fund</b>	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
Court Bonds	\$ 12,461	\$ -
Customer deposits	7,075	-
Police Forfeiture	9,100	-
	<u>\$ 28,636</u>	<u>\$ -</u>

Tax Increment Financing #1 Fund

During 2007 and 2008 the City issued Tax Increment Financing (TIF#1) Bonds in the amounts of \$6,100,000 and \$3,000,000, respectively, to finance the cost of an overpass on Eisenhower Street and certain infrastructure improvements to Highway 60. The City receives tax revenue from this property, which is restricted for repayment of these bonds. The bonds were redeemed early in 2015, however, the City maintains the restricted funds until TIF#1 expires in 2019. Cash and cash equivalents and fund balance/net position have been restricted for these taxes in the amount of \$11,728.

CITY OF MONETT, MISSOURI  
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NOTE D – RESTRICTED ASSETS (continued)

Tax Increment Financing #2 Fund

During 2005 the City issued two Tax Increment Financing (TIF#2) Bonds in the amounts of \$1,630,000 and \$2,535,000, to finance the cost of improvements on and around Chapel Drive and redevelop the southeast portion of Highway 60. In 2015 the City issued Supported Tax Increment and Sales Tax Refunding Revenue Bonds in the amount of \$2,430,000. These bonds are to refund the two 2005 Tax Increment Financing (TIF#2) Bonds and continue redevelopment of the southeast portion of Highway 60. The City receives tax revenue from this property, which is restricted for repayment of this bond. Cash and cash equivalents have been restricted and fund balance/net position restricted for these taxes in the amount of \$326,915 and \$354,910, respectively.

Enterprise Funds

The total restricted cash and investments and restricted net position for the Enterprise Funds are as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
<b>Water Fund</b>		
2010 Certificates of Participation Lease Fund	\$ 3,097	\$ 3,097
2010 Certificates of Participation Debt Service Reserve Fund	220,000	220,000
Series 2013 Interest Fund	37,066	37,066
Series 2013 Replacement Account	194,186	194,186
Customer deposits	39,443	-
	<u>\$ 493,792</u>	<u>\$ 454,349</u>
<b>Electric Fund</b>		
Customer deposits	<u>\$ 425,943</u>	<u>\$ -</u>
<b>Sewer Fund</b>		
Sewer Replacement Account	\$ 1,910,915	\$ 1,910,915
Edward Jones Sewer Depreciation/Replacement Account	65,921	65,921
Series 1992A Interest Fund	1,586	1,586
2003 State Revolving Fund Principal and Interest	142,229	142,229
	<u>\$ 2,120,651</u>	<u>\$ 2,120,651</u>

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NOTE E – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	<u>2014</u>
Assessed Valuation	
Real estate	\$ 93,616,137
Personal property	<u>34,736,205</u>
TOTAL	<u>\$ 128,352,342</u>
	<u>2014</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	<u>\$ -</u>

The legal debt margin at March 31, 2015, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 12,835,234	\$ 12,835,234	\$ 25,670,468
General Obligation Bonds Payable	<u>(256,645)</u>	<u>-</u>	<u>(256,645)</u>
LEGAL DEBT MARGIN	<u>\$ 12,578,589</u>	<u>\$ 12,835,234</u>	<u>\$ 25,413,823</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Long-term debt in the Enterprise Funds consists of the following:

2.00% to 5.10% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2004 due through September 1, 2024, callable on or after September 1, 2012, at premiums beginning at 102% of the principal amount decreasing to 100% on September 1, 2014. Monies from this bond were utilized for gravity sewer projects in the City. This had an original issuance of \$394,230 dated September 2004. \$ 240,000

2.00% to 4.70% Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program) Series 2003, due through January 1, 2025, callable on or after December 1, 2013 at 100% principal. Monies generated from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the City (Drinking Water Loan). The bond had an original issuance of \$8,950,000 beginning in April 2003. 5,765,000

In 2010, the City accepted the United Missouri Bank bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of constructing a water line project. Currently the agreement has a present value of lease payments of \$2,550,000, with interest at 3.49%, and is payable in annual installments through July 2035. Monies are being held in the amount of \$220,000 in the event the City could not meet its debt payment. 2,550,000

On September 9, 2013, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds (Direct Loan Program) in an amount not to exceed \$11,012,000 for the purpose of paying all or part of the costs of improving the water and sewerage system. As of March 31, 2015, \$9,327,928 of the bonds have been issued. The bonds bear interest at 1.61% with principal and interest due July 1 and January 1 of each year. The bonds also require a semi-annual administrative fee of 0.25% of the outstanding principal balance of the bonds as of the business day preceding each principal payment due. The bonds may be called at any time for redemption under various provisions outlined in the bond ordinance. 9,327,928

\$ 17,882,928

CITY OF MONETT, MISSOURI  
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NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the business-type activities debt outstanding at March 31, 2015, are listed in the following tables:

Year Ended March 31,	General Obligation Bonds - Sewer			Revenue Bonds - Sewer		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 20,000	\$ 11,400	\$ 31,400	\$ 460,000	\$ 281,789	\$ 741,789
2017	20,000	10,470	30,470	480,000	258,788	738,788
2018	20,000	9,520	29,520	505,000	234,788	739,788
2019	20,000	8,550	28,550	530,000	208,908	738,908
2020	25,000	7,448	32,448	555,000	181,745	736,745
2021-2025	135,000	17,927	152,927	3,235,000	470,966	3,705,966
	<u>\$ 240,000</u>	<u>\$ 65,315</u>	<u>\$ 305,315</u>	<u>\$ 5,765,000</u>	<u>\$ 1,636,984</u>	<u>\$ 7,401,984</u>

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NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Year Ended March 31,	Capital Lease Obligation - Water			2013 Revenue Bonds - Water			
	Principal	Interest	Total	Principal	Interest	Administrative Fee	Total
2016	\$ 80,000	\$ 155,698	\$ 235,698	\$ 233,000	\$ 177,293	\$ 55,060	\$ 465,353
2017	85,000	152,413	237,413	472,000	171,650	53,308	696,958
2018	85,000	148,715	233,715	482,000	164,011	50,935	696,946
2019	85,000	144,762	229,762	491,000	156,218	48,515	695,733
2020	90,000	140,427	230,427	501,000	148,273	46,047	695,320
2021-2025	490,000	624,619	1,114,619	2,659,000	616,477	191,453	3,466,930
2026-2030	575,000	464,175	1,039,175	2,936,000	392,607	121,927	3,450,534
2031-2035	685,000	254,300	939,300	1,553,928	91,576	28,440	1,673,944
2036	375,000	13,125	388,125	-	-	-	-
	<u>\$ 2,550,000</u>	<u>\$ 2,098,234</u>	<u>\$ 4,648,234</u>	<u>\$ 9,327,928</u>	<u>\$ 1,918,105</u>	<u>\$ 595,685</u>	<u>\$ 11,841,718</u>

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NOTE F – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2015, is as follows:

	Balance March 31, 2014	Additions	Retirements	Balance March 31, 2015	Amounts Due Within One Year
Neighborhood Improvement Bonds					
Series 2005	\$ 260,000	\$ -	\$ 20,000	\$ 240,000	\$ 20,000
Revenue Bonds					
Series 2003	6,200,000	-	435,000	5,765,000	460,000
Series 2013	1,457,380	7,870,548	-	9,327,928	233,000
Certificates of Participation					
Series 2004	81,398	-	81,398	-	-
Series 2010	2,630,000	-	80,000	2,550,000	80,000
	10,628,778	7,870,548	616,398	17,882,928	793,000
Compensated Absences	247,341	13,011	-	260,352	-
TOTAL	<u>\$ 10,876,119</u>	<u>\$ 7,883,559</u>	<u>\$ 616,398</u>	<u>\$ 18,143,280</u>	<u>\$ 793,000</u>

The City's lease/purchase agreements provide for the cancellation of the leases at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with GASB Section L20, "Leases".

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2015, consists of the following:

4.15% General Obligation Bonds, Neighborhood Improvement District Bonds Series 2005, due through September 6, 2015. This bond had an original issuance of \$148,000 dated September 2005.	\$ 16,645
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CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

<p>2.0% to 3.5% Supported Tax Increment and Sales Tax Refunding Revenue Bonds Series 2014 (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects) interest due semi-annually January 1 and July 1, maturing January 1, 2028, optional redemption beginning January 1, 2020, at 100% of the principal. Specific use of this funding was to refund the Series 2005A and 2005B Bonds, which were originally issued to make improvements on and around Chapel Drive and redevelop 385 acres in the southeast portion of the City adjacent to Highway 60. The bond had an original issuance of \$2,430,000 beginning in June 2014.</p>	2,380,000
<p>Certain developers applied for reimbursement of the cost of infrastructure should the City receive an increase in the sales taxes collected from the TIF district. The related infrastructure was given to the City and is included as capital assets. There is no scheduled payment for any future reimbursement, and any liability remaining upon the dissolution of the TIF district in 2019 will be eliminated. Therefore, a five-year amortization schedule of payments is not presented.</p>	495,246
<p>In 2012, the City accepted the Community National Bank, N.A. bid to acquire leasehold certificates of participation, and subsequently entered into a Lease Purchase Agreement for the purpose of constructing a community building (Casino). The present value of lease payments at March 31, 2015, is \$1,230,283, with interest at 2.75%, and is payable in semi-annual installments through December 2022.</p>	1,230,283
<p>In January 2008, the City entered into a \$3,000,000 lease with Wells Fargo Brokerage Services, LLC for which the funds were used to expand the police station and municipal court facilities by building the new Monett Justice Center. The present value of lease payments at March 31, 2015, is \$270,000, with interest at 4.10%, and is payable in annual installments through January 2016.</p>	270,000
<p>In 2014, the City entered into a \$264,726 lease with US BanCorp to refinance the 2012 Pierce Kenworth pumper truck. The present value of lease payments at March 31, 2015, is \$105,662, with interest at 1.69%, and is payable in annual installments through April 2017.</p>	105,662

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2015

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

In 2012, the City entered into a \$12,983 lease with PNC Equipment Finance, LLC for which the funds were used to purchase irrigation equipment for the golf course. The present value of lease payments at March 31, 2015, is \$4,328, with interest at 0%, and is payable in annual installments through February 2016.	4,328
In 2014, the City entered into a \$154,538 lease with UMB Banc Leasing Corp for which the funds were used to purchase equipment for the golf course. The present value of lease payments at March 31, 2015, is \$154,537, with interest at 2.25%, and is payable in annual installments through May 2018.	154,537
In 2014, the City entered into a \$99,463 lease with Yamaha Motor Corporation Commercial Customer Finance for the purchase of golf carts and a beverage unit. The present value of lease payments at March 31, 2015, is \$96,600, with interest at 3.4%, and is payable in monthly installments through December 2018.	96,600
In 2014, the City entered into a loan agreement with EFCO for the purchase of an airport hangar. The loan requires annual payments of \$20,000.	40,000
	<u>\$ 4,793,301</u>

The annual debt service requirements to amortize principal on the governmental-activities debt outstanding at March 31, 2015, are listed in the following tables:

Year Ended March 31,	Limited General Obligation Bonds		
	Principal	Interest	Total
2016	<u>\$ 16,645</u>	<u>\$ 2,426</u>	<u>\$ 19,071</u>

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2015

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Year Ended March 31,	Tax Increment Allocation Bonds		
	Principal	Interest	Total
2016	\$ 150,000	\$ 78,450	\$ 228,450
2017	155,000	75,450	230,450
2018	160,000	70,645	230,645
2019	165,000	65,685	230,685
2020	170,000	60,570	230,570
2021-2025	935,000	213,325	1,148,325
2026-2028	645,000	45,500	690,500
	<u>\$ 2,380,000</u>	<u>\$ 609,625</u>	<u>\$ 2,989,625</u>

Year Ended March 31,	Capital Lease Obligations		
	Principal	Interest	Total
2016	\$ 539,738	\$ 46,578	\$ 586,316
2017	262,617	34,326	296,943
2018	198,991	29,069	228,060
2019	251,353	23,267	274,620
2020	155,595	16,770	172,365
2021-2023	493,116	23,978	517,094
	<u>\$ 1,901,410</u>	<u>\$ 173,988</u>	<u>\$ 2,075,398</u>

The City's lease/purchase agreements provide for the cancellation of the leases at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with GASB Section L20, "Leases".

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE G – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

A summary of the changes in long-term debt – governmental activities for the year ended March 31, 2015, is as follows:

	Balance March 31, 2014	Additions	Retirements	Balance March 31, 2015	Amounts Due Within One Year
Neighborhood Improvement Bonds					
Valley View	\$ 33,638	\$ -	\$ 16,993	\$ 16,645	\$ 16,645
Tax Allocation Bonds					
Series 2007	455,000	-	455,000	-	-
Series 2008	1,720,000	-	1,720,000	-	-
Series 2005A	975,000	-	975,000	-	-
Series 2005B	2,535,000	-	2,535,000	-	-
Series 2014	-	2,430,000	50,000	2,380,000	150,000
Less: discount on bond	-	(36,980)	(1,942)	(35,038)	(2,550)
TIF Developer Agreement	512,489	-	17,243	495,246	-
Capital Leases					
2012 lease certificates of participation	1,366,016	-	135,733	1,230,283	139,491
Golf equipment lease	8,656	-	4,328	4,328	4,328
Golf carts lease	38,071	-	38,071	-	-
Justice center 2008 lease	660,000	-	390,000	270,000	270,000
Justice center 2009 lease	336,612	-	336,612	-	-
Pumper truck lease	164,922	-	59,260	105,662	56,778
Airport hanger lease	60,000	-	20,000	40,000	20,000
Golf equipment lease	-	154,537	-	154,537	37,451
Golf carts/beverage unit lease	-	99,463	2,863	96,600	11,690
Net pension obligation	66,963	1,691	-	68,654	-
Compensated absences payable	424,128	25,995	-	450,123	-
TOTAL	<u>\$ 9,356,495</u>	<u>\$ 2,674,706</u>	<u>\$ 6,754,161</u>	<u>\$ 5,277,040</u>	<u>\$ 703,833</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2015, was as follows:

	Balance March 31, 2014	Additions	Deletions	Balance March 31, 2015
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 725,807	\$ 233,437	\$ 700,288	\$ 258,956
Land	1,389,029	301,107	-	1,690,136
Total Non-depreciable Capital Assets	<u>2,114,836</u>	<u>\$ 534,544</u>	<u>\$ 700,288</u>	<u>1,949,092</u>
Depreciable Capital Assets:				
Building and improvements	\$ 7,662,135	\$ 1,191,735	\$ -	\$ 8,853,870
Machinery and equipment	6,746,473	418,139	145,006	7,019,606
Infrastructure	28,268,600	76,749	-	28,345,349
Total Depreciable Capital Assets	42,677,208	<u>\$ 1,686,623</u>	<u>\$ 145,006</u>	44,218,825
Less Accumulated Depreciation	<u>20,200,691</u>	<u>\$ 1,721,176</u>	<u>\$ 138,062</u>	<u>21,783,805</u>
Total Depreciable Capital Assets, net	<u>22,476,517</u>			<u>22,435,020</u>
Total Capital Assets, net	<u>\$ 24,591,353</u>			<u>\$ 24,384,112</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE H – CAPITAL ASSETS (continued)

Depreciation expense for governmental activities was charged to functions as follows:

Administration	\$	27,552
E911		25,849
Airport		194,289
Building official		1,831
Casino and community building		75,832
Cemetery		15,710
Emergency management		12,077
Fire		80,334
Golf		158,524
North park		21,652
Police		203,626
Pool		16,408
Recreation		3,878
South park		23,540
Street		860,074
		<u>860,074</u>
	\$	<u>1,721,176</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE H – CAPITAL ASSETS (continued)

	Balance March 31, 2014	Additions	Deletions	Balance March 31, 2015
<b>Business-Type Activities</b>				
<b>Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 56,932	\$ -	\$ -	\$ 56,932
Construction in progress	4,569,089	-	4,569,089	-
Total Non-Depreciable Capital Assets	4,626,021	<u>\$ -</u>	<u>\$ 4,569,089</u>	56,932
Depreciable Capital Assets:				
Buildings and improvements	908,946	\$ 11,940,292	\$ -	12,849,238
Machinery and equipment	506,698	143,403	12,478	637,623
Equipment	10,325,026	-	-	10,325,026
Total Depreciable Capital Assets	11,740,670	<u>\$ 12,083,695</u>	<u>\$ 12,478</u>	23,811,887
Less Accumulated Depreciation	4,935,266	<u>\$ 405,488</u>	<u>\$ 12,478</u>	5,328,276
Depreciable Capital Assets, net	6,805,404			18,483,611
<b>Electric</b>				
Non-Depreciable Capital Assets:				
Land	58,400	\$ -	\$ -	58,400
Total Non-Depreciable Capital Assets	58,400	<u>\$ -</u>	<u>\$ -</u>	58,400
Depreciable Capital Assets:				
Buildings and improvements	769,757	\$ -	\$ -	769,757
Machinery and equipment	1,154,619	4,217	-	1,158,836
Infrastructure	5,381,749	-	-	5,381,749
Total Depreciable Capital Assets	7,306,125	<u>\$ 4,217</u>	<u>\$ -</u>	7,310,342
Less Accumulated Depreciation	5,664,184	<u>\$ 187,180</u>	<u>\$ -</u>	5,851,364
Depreciable Capital Assets, net	1,641,941			1,458,978

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE H – CAPITAL ASSETS (continued)

	Balance March 31, 2014	Additions	Deletions	Balance March 31, 2015
<b>Sewer</b>				
Non-Depreciable Capital Assets:				
Land	178,071	\$ -	\$ -	178,071
Construction in progress	108,882	184,157	108,882	184,157
Total Non-Depreciable Capital Assets	286,953	<u>\$ 184,157</u>	<u>\$ 108,882</u>	362,228
Depreciable Capital Assets:				
Buildings and improvements	33,707	\$ -	\$ 2	33,705
Machinery and equipment	853,046	-	460	852,586
Infrastructure	25,551,765	108,882	-	25,660,647
Total Depreciable Capital Assets	26,438,518	<u>\$ 108,882</u>	<u>\$ 462</u>	26,546,938
Less Accumulated Depreciation	15,284,438	<u>\$ 788,332</u>	<u>\$ 460</u>	16,072,310
Depreciable Capital Assets, net	11,154,080			10,474,628
<b>Sanitation</b>				
Non-Depreciable Capital Assets:				
Land	12,101	\$ -	\$ -	12,101
Depreciable Capital Assets:				
Buildings and improvements	84,878	-	-	84,878
Machinery and Equipment	937,442	300,060	174,145	1,063,357
Infrastructure	61,189	-	-	61,189
Total Depreciable Capital Assets	1,083,509	<u>\$ 300,060</u>	<u>\$ 174,145</u>	1,209,424
Less Accumulated Depreciation	668,192	<u>\$ 73,939</u>	<u>\$ 123,352</u>	618,779
Depreciable Capital Assets, net	415,317			590,645
<b>Fiber</b>				
Depreciable Capital Assets:				
Machinery and Equipment	151,522	\$ -	\$ -	151,522
Infrastructure	635,923	-	-	635,923
Total Depreciable Capital Assets	787,445	<u>\$ -</u>	<u>\$ -</u>	787,445
Less Accumulated Depreciation	399,764	<u>\$ 39,448</u>	<u>\$ -</u>	439,212
Depreciable Capital Assets, net	387,681			348,233
Total Capital Assets, net	<u>\$ 25,387,898</u>			<u>\$ 31,845,756</u>

NOTE I – EMPLOYEE PENSION PLAN

Plan Description

The City of Monett participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute Section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Monett contribute 4% to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 12.1% (General), 10.1% (Police), and 10.8% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 588,929
Interest on net pension obligation	4,855
Adjustment to annual required contribution	<u>(4,342)</u>
Annual pension cost	589,442
Actual contributions	<u>587,751</u>
Increase in NPO	1,691
NPO beginning of year	<u>66,963</u>
NPO end of year	<u><u>\$ 68,654</u></u>

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2015

NOTE I – EMPLOYEE PENSION PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 29, 2012, and February 28, 2013, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014, included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2012, was 22 years for the General division, 30 years for the Police division, and 4 years for the Fire division. The amortization period as of February 28, 2013, was 23 years for the General division, 30 years for the Police division, and 29 years for the Fire division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 609,123	99.3%	\$ 72,325
2013	610,720	100.9%	66,963
2014	589,442	99.7%	68,654

The actuarial valuation revealed the following relating to the financial position of the Plan:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2014	\$ 13,444,637	\$ 14,251,223	\$ 806,586	94%	\$ 4,673,818	17%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE J – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE K – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of March 31, 2015, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE L – PLEDGED REVENUES

The City has pledged future sales and property tax revenues in the TIF districts to repay the 2014 tax allocation revenue bonds issued to make improvements in the Districts. The bonds are payable solely from increased sales and property taxes and are payable through 2028. The total principal, interest and fees remaining to be paid on the bonds is \$2,989,625. Principal and interest paid, net of current refunding, for the current year and total tax allocation revenues were \$274,945 and \$680,186, respectively. Additionally, \$2,183,814 of reserve funds that were accumulated through prior years' litigation were used to pay additional principal of \$2,175,000.

CITY OF MONETT, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2015

NOTE M – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended March 31, 2015, were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ 893,660
Tax Increment Financing #1 Fund	(88,660)
Electric Fund	(730,000)
Fiber Optics Fund	(75,000)
	<u>\$ -</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them.

NOTE N – COMMITMENT

As of March 31, 2015, the City was committed on the following projects:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Dyllon Marsolf Construction	Roof surfacing of biological reactor building	\$ 89,403
Visu-Sewer of Missouri, LLC	Evaluation and rehabilitation of wastewater collection system	38,472
Jviation	Land acquisition services	<u>210,227</u>
		<u>\$ 338,102</u>

CITY OF MONETT, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2015

NOTE O – BOND REFUNDING

On June 26, 2014, the City issued \$2,430,000 in Supported Tax Increment and Sales Tax Refunding Revenue Bonds ranging from 2.00% to 3.50%. The City used the net bond proceeds from the bond issue to prepay \$975,000 of outstanding Series 2005A Tax Increment Allocation Bonds with interest rates of 5.00% and \$2,535,000 of outstanding Series 2005B Tax Increment Allocation Bonds with interest rates of 5.25%.

Additionally, the Bonds provided early redemption, in which the City expects to participate.

As a result of the refunding and expected early redemption of Bonds, the City is expected to reduce its total debt service requirements by \$1,141,375, which will result in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$206,073.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF MONETT, MISSOURI  
 SCHEDULE OF FUNDING PROGRESS  
 Year Ended March 31, 2015

**Missouri Local Government Employees Retirement System (LAGERS)**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/29/2012	\$ 10,818,828	\$ 12,985,570	\$ 2,166,742	83%	\$ 4,443,828	49%
02/28/2013	12,197,958	13,887,210	1,689,252	88%	4,530,385	37%
02/28/2014	13,444,637	14,251,223	806,586	94%	4,673,818	17%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended March 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Surtax	\$ 37,500	\$ 37,500	\$ 44,134	\$ 6,634
Motor vehicle sales and fuel tax	325,000	335,000	342,073	7,073
Sales tax	2,528,040	2,867,000	2,950,010	83,010
Franchise taxes	438,225	438,225	414,390	(23,835)
	<u>3,328,765</u>	<u>3,677,725</u>	<u>3,750,607</u>	<u>72,882</u>
Licenses and Permits				
Building permits	8,500	30,000	33,971	3,971
Business licenses	16,000	16,000	9,442	(6,558)
Other	150	150	210	60
	<u>24,650</u>	<u>46,150</u>	<u>43,623</u>	<u>(2,527)</u>
Intergovernmental Revenues				
Federal and state grants	940,500	741,600	714,022	(27,578)
Other	18,000	18,000	-	(18,000)
	<u>958,500</u>	<u>759,600</u>	<u>714,022</u>	<u>(45,578)</u>
Charges for Services				
Parks and recreation	7,000	7,000	2,904	(4,096)
Cemetery	23,500	23,500	22,410	(1,090)
Jail boarding fees	7,900	7,900	9,387	1,487
Rental income	139,500	119,500	129,015	9,515
E911	39,400	39,400	42,197	2,797
Fuel sales	110,500	110,500	113,977	3,477
Golf	275,000	290,000	287,017	(2,983)
Fines and forfeitures	199,550	179,550	149,448	(30,102)
Street repair	3,500	6,650	7,345	695
Other	4,000	31,000	30,159	(841)
	<u>809,850</u>	<u>815,000</u>	<u>793,859</u>	<u>(21,141)</u>
Miscellaneous				
Interest	5,000	5,000	2,341	(2,659)
Donations and other contributions	7,000	7,000	7,735	735
Sale of property	47,500	33,900	55,629	21,729
Other	40,750	121,250	37,777	(83,473)
	<u>100,250</u>	<u>167,150</u>	<u>103,482</u>	<u>(63,668)</u>
<b>TOTAL REVENUES</b>	<u>5,222,015</u>	<u>5,465,625</u>	<u>5,405,593</u>	<u>(60,032)</u>

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended March 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>EXPENDITURES</b>				
Current				
Administrative	605,750	610,750	434,631	176,119
Building official	160,445	173,445	161,542	11,903
Municipal court	84,010	84,010	78,536	5,474
Police	1,508,650	1,581,150	1,471,450	109,700
E911	56,400	65,400	55,852	9,548
Emergency management	135,205	147,625	125,418	22,207
Fire	1,122,450	1,123,950	1,067,906	56,044
Airport	343,825	355,325	312,040	43,285
Street	973,770	996,270	986,853	9,417
Cemetery	180,550	181,600	161,148	20,452
Communications	376,450	377,950	331,162	46,788
Pool	66,350	66,350	56,641	9,709
South park	253,200	257,700	238,800	18,900
North park	143,335	143,335	122,888	20,447
Golf	512,025	552,775	526,399	26,376
Casino and community building	57,750	80,950	66,876	14,074
Recreation	-	-	588	(588)
Capital outlay	1,435,000	1,416,600	1,532,801	(116,201)
Debt service	808,713	1,066,213	1,067,726	(1,513)
TOTAL EXPENDITURES	<u>8,823,878</u>	<u>9,281,398</u>	<u>8,799,257</u>	<u>482,141</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(3,601,863)	(3,815,773)	(3,393,664)	422,109
<b>OTHER FINANCING SOURCES</b>				
Transfers in	917,920	917,920	893,660	(24,260)
Lease proceeds	-	22,500	254,000	231,500
Payments in lieu of taxes	2,771,440	2,771,440	2,662,431	(109,009)
TOTAL OTHER FINANCING SOURCES	<u>3,689,360</u>	<u>3,711,860</u>	<u>3,810,091</u>	<u>98,231</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	87,497	(103,913)	416,427	520,340
FUND BALANCE, April 1	<u>1,435,825</u>	<u>1,435,825</u>	<u>1,435,825</u>	-
FUND BALANCE, March 31	<u>\$ 1,523,322</u>	<u>\$ 1,331,912</u>	<u>\$ 1,852,252</u>	<u>\$ 520,340</u>

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND  
 Year Ended March 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 282,500	\$ 300,500	\$ 34,768	\$ (265,732)
Sales taxes	747,000	595,000	283,377	(311,623)
Miscellaneous				
Interest	1,200	300	314	14
TOTAL REVENUES	1,030,700	895,800	318,459	(577,341)
<b>EXPENDITURES</b>				
Current				
Public works				
Professional and consulting	20,000	26,250	25,835	415
Miscellaneous	300	300	175	125
Debt service	713,955	2,529,955	2,439,683	90,272
TOTAL EXPENDITURES	734,255	2,556,505	2,465,693	90,812
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	296,445	(1,660,705)	(2,147,234)	(486,529)
<b>OTHER FINANCING (USES)</b>				
Transfers out	-	-	(88,660)	88,660
TOTAL OTHER FINANCING (USES)	-	-	(88,660)	88,660
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>				
	296,445	(1,660,705)	(2,235,894)	(575,189)
FUND BALANCE, April 1	2,247,622	2,247,622	2,247,622	-
FUND BALANCE, March 31	<u>\$ 2,544,067</u>	<u>\$ 586,917</u>	<u>\$ 11,728</u>	<u>\$ (575,189)</u>

CITY OF MONETT, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND  
 Year Ended March 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 88,000	\$ 94,000	\$ 94,002	\$ 2
Sales taxes	224,950	236,450	268,039	31,589
Miscellaneous				
Interest	100	1,100	1,146	46
TOTAL REVENUES	313,050	331,550	363,187	31,637
<b>EXPENDITURES</b>				
Current				
Public Works				
Professional and consulting	3,000	41,500	3,822	37,678
Miscellaneous	-	-	459	(459)
Debt Service	189,600	3,695,000	3,820,954	(125,954)
TOTAL EXPENDITURES	192,600	3,736,500	3,825,235	(88,735)
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	120,450	(3,404,950)	(3,462,048)	(57,098)
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	-	2,338,345	2,430,000	(91,655)
TOTAL OTHER FINANCING SOURCES	-	2,338,345	2,430,000	(91,655)
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>				
	120,450	(1,066,605)	(1,032,048)	34,557
FUND BALANCE, April 1	1,386,958	1,386,958	1,386,958	-
FUND BALANCE, March 31	\$ 1,507,408	\$ 320,353	\$ 354,910	\$ 34,557

CITY OF MONETT, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended March 31, 2015

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April, Administration submits to the City Commission a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Commission in late February or early March to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to April 1, ordinances are passed by the Commission which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Commission on approved budget adjustment forms.

## **OTHER FINANCIAL INFORMATION**



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Monett, Missouri, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Monett, Missouri's basic financial statements, and have issued our report thereon, dated August 3, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Monett, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monett, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Monett, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Monett, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monett, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 3, 2015



**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited the City of Monett, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Monett, Missouri's major federal programs for the year ended March 31, 2015. The City of Monett, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Monett, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Monett, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Monett, Missouri's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City of Monett, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2015.

### **Internal Control Over Compliance**

Management of the City of Monett, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Monett, Missouri's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor James Orr,  
Commissioner Jerry Dierker and Commissioner Michael Brownsberger  
City of Monett  
Monett, Missouri

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
August 3, 2015

CITY OF MONETT, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2015

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Missouri Department of Homeland Security Emergency Management Performance Grant	97.042	N/A	\$ 20,107
State Emergency Management Agency Hazard Mitigation Grant	97.039	FEMA-DR-1980-MO	<u>344,397</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			364,504
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Missouri Department of Transportation Alcohol Open Container Requirements	20.607	14-154-AL-067	1,804
University of Central Missouri Alcohol Open Container Requirements	20.607	14-154-AL-062	879
Highway Safety Cluster Child Safety and Booster Seats Incentive Grant	20.613	14-K3-05-001	400
University of Central Missouri State and Community Highway Safety	20.600	14-OP-05-002	742
Missouri Department of Transportation National Priority Safety Programs	20.616	15-M5HVE-03-035 15-M2HVE-05-027	335 <u>369</u>
Total Highway Safety Cluster			1,846
Missouri Department of Transportation Airport Improvement Grant	20.106	AIR 136-98B	<u>315,710</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			320,239
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Missouri Department of Public Safety Edward Byrne Memorial Justice Assistance Grant	16.738	2014-LLEBG-067	9,900
Direct Equitable Sharing Program	16.922	N/A	<u>2,275</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			12,175
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Department of Natural Resources Capitalization Grants for Drinking Water State Revolving funds	66.468	DW291327-01	<u>6,193,894</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>6,193,894</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,890,812</u>

N/A - Not Applicable

CITY OF MONETT, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
Year Ended March 31, 2015

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures and Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the City's financial statements.
2. The City did not provide funds to subrecipients in the current year.

CITY OF MONETT, MISSOURI  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2015

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:

Hazard Mitigation Grant	97.039
Capitalization Grants for Drinking Water State Revolving Funds	66.468
8. The threshold for determining Type A programs was \$300,000.
9. The City of Monett, Missouri, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award programs.

CITY OF MONETT, MISSOURI  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended March 31, 2015

There were no prior audit findings.